AMENDMENTS TO THE SPECIFICATION

Please replace the second paragraph, starting on page 16, line 30 and the first paragraph, starting on page 17, line 4, with the following amended paragraphs:

Description will now be given of a second embodiment of the present invention by referring to the drawings. In the second embodiment, the same constituent components of those of the first embodiment are assigned with the same reference numerals. In the second embodiment, block significance determining section 2' generates block significance 26 by referring to, in addition to input image signal 5, block information 33 generated during a block encoding operation by a block information generator 32 of moving picture encoding section 1.

Fig. 6 shows block significance determining section 2' in the second embodiment. Section 2' includes a block feature calculating section, a significance generator 30, a visual deterioration calculating section 34, a significance generator 35, and a block significance totaling section 36. Visual deterioration calculating section 34 is connected to block information generator 32 of encoding section 1. Section 34 receives block information 33 from generator 32. Significance generator 35 is connected to section 34. Totaling section 36 is linked with significance generators 30 and 35 and map generator 3. Generator 30 compares block feature 31 with one or more predetermined threshold values predetermined to generate block significance 37. Calculating section 34 refers to block information 33 to calculate visual deterioration 38 representing a degree of visual deterioration of a picture for each block when forecast error signals are lost. Significance generator 35 compares visual deterioration 38 with a predetermined threshold value to create block significance 39. Generator 35 has one or more values to compare visual deterioration with the threshold values to set block significance 26 as a result.

2